

# LIMETREE BAY TERMINAL AND REFINERY – ST. CROIX, VI

## ISSUE SUMMARY:

- The USVI is facing severe economic difficulties, exacerbated by the devastating hurricanes (Irma and Maria) in 2017 and the current global pandemic, both of which resulted in sharp decreases in tourism on which the islands heavily depend. Governor Bryan recently warned residents that the USVI is facing “an economic tsunami.”
- Limetree Bay’s preparation and commissioning of the refinery for restart has taken over three years and has cost the facility nearly 3 billion dollars, more than twice the initial estimates. Resumed operation of the refinery will bring much needed revenue and jobs to the USVI.

## UPCOMING MILESTONES:

- Limetree Bay Refinery restart.
- Region 2 aims to publish responses to comments and permitting decision on the Plantwide Applicability (PAL) permit by mid-November 2020.
- After the PAL permitting decision, DOJ and Region 2 will respond to comments on a Modification to a 2011 judicial Consent Decree with Limetree Bay lodged on August 25, 2020.

## BACKGROUND:

- From 1965 until 2015, Hess, Hess Oil Virgin Islands (HOVIC) and then HOVENSA, a joint venture between HOVIC and the national oil company of Venezuela, Petroleos de Venezuela, S.A. (PDVSA), operated a petroleum refinery and marine terminal on the island of St. Croix in the USVI.
- The facility's maximum design capacity was 545,000 barrels of crude oil per day -- at one time the largest in the Western Hemisphere. The refinery employed about 2,000 people and was one of the most important economic drivers in the USVI, which has a population of about 125,000.
- Operations of the HOVENSA facility led to numerous violations of the Clean Air Act (CAA), and in June 2011, EPA and the USVI entered into a Federal District Court judicial consent decree (CD) with HOVENSA to remedy these violations.
- In February 2012, HOVENSA idled all refinery and processing operations at the facility, but marine terminal operations, including oil storage operations, continued until February 2015, and distribution of oil within the USVI from this facility continued until May 2015. HOVENSA filed for Chapter 11 bankruptcy on September 15, 2015, and its above-ground assets were sold to Limetree Bay Terminals LLC (LBT) in January 2016. The USVI government still owns a portion of the land located within the refinery boundaries. In April 2018, an affiliate of LBT formed Limetree Bay Refining, L.L.C (LBR) and LBT transferred refining assets to LBR in November of 2018. LBT and LBR are collectively called Limetree Bay.
- Following purchase of the facility, LBT sought regulatory approval and permits from EPA and other regulators, and in 2016 resumed operations of portions of the terminal. Limetree Bay planned to:
  - o produce low sulfur fuel for maritime use that meets the MARPOL standards, which became effective in January 2020;
  - o operate a single-point mooring buoy, which has recently been constructed and began operating, to accommodate larger crude tankers;
  - o expand terminal storage (adding 10-15 million barrels storage capacity); and
  - o potentially restart additional units.
- EPA (with representation from the U.S. Department of Justice) and the USVI government agreed to embark on negotiating a modified CD. The VIDPNR issued the facility an operating permit for the MARPOL project.

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- In December 2018, EPA determined complete Limetree Bay’s extensive and complex permit application for a permit to establish plantwide applicable limits (PAL) for seven pollutants. In November 2019, EPA published a draft PAL permit, after which several hundred comments were received, some of which were extensive and detailed and half of which were submitted by the facility. (Many hundreds of additional “form letter” type comments were also received.) We have been coordinating with various EPA offices and other federal agencies on the preparation of responses, and are aiming to be in a position to complete responses and issue a determination by mid-November 2020. Limetree Bay’s ability to commence operation of the refinery is not dependent upon EPA’s issuance of the final PAL permit. Rather, the permit will simply give Limetree Bay greater flexibility for additional future construction and operation.
- A CD Modification was lodged with the U.S. District Court on August 25, 2020. The U.S., the USVI, Limetree Bay, an Environmental Response Trust (established under HOVENSA’s bankruptcy), and HOVENSA’s remaining representative in bankruptcy were all parties to the CD Modification. Notice of the Modification was published in the Federal Register on August 31, 2020, and several comments were received during the thirty-day public comment period. Assuming no revisions to the CD Modification are determined to be necessary, the Modification will be submitted to the court for final approval and entry.
- In late September/early October 2020 USVI Governor Bryan and USVI Congressional Representative Plaskett inquired about the timing of the final PAL permit decision.

## KEY EXTERNAL STAKEHOLDERS:

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| <input checked="" type="checkbox"/> Congress | <input checked="" type="checkbox"/> Industry          | <input checked="" type="checkbox"/> States | <input type="checkbox"/> Tribes | <input checked="" type="checkbox"/> Media | <input checked="" type="checkbox"/> Other Federal Agency |
| <input checked="" type="checkbox"/> NGO      | <input checked="" type="checkbox"/> Local Governments | <input checked="" type="checkbox"/> Other  |                                 |   |  |

## MOVING FORWARD:

- We plan to make a permitting decision in 2020
- DOJ will respond to comments on the CD Modification and, if no changes are necessary, file a motion with the court for its approval of the Modification.

LEAD OFFICE/REGION: ORC/REGION 2

OTHER KEY OFFICES/REGIONS: OECA, OAR, OGC